

News Release

FRANCHISE TAX BOARD

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State Tax Filing Season Kicks Off

More taxpayers will qualify to e-file state tax returns and efforts have been stepped up to make the tax system more fair in 2006, according to the Franchise Tax Board (FTB).

"Filling out your tax return shouldn't be more dreaded than a root canal," said State Controller and FTB Chair Steve Westly. "Filing electronically saves time, saves paper, is more accurate, and taxpayers get quick refund payments."

Changes Impacting Taxpayers

For the first time, businesses that file simple corporate tax forms are now eligible to use e-file through selected commercial software providers. The benefits of e-file are accurate returns, quick refund payment processing, and confirmation that the state received the tax return. The state benefits in the form of reduced processing costs.

Individuals can use *CalFile*, the FTB's no-cost, direct-to-government, e-file program. It is available to taxpayers who file the 540 2EZ, 540A and, to a limited degree, the 540 long form. *CalFile* accepts income of up to \$287,682, itemized deductions, and some tax credits. Many commercial e-file companies offer free services to certain customers. Find *CalFile* and all other e-file services at www.ftb.ca.gov.

Californians can expect to see increased enforcement and education efforts aimed at taxpayers who underreport their taxes, or do not file or pay what they owe. The state's tax gap, the difference between taxes paid and owed, is estimated to cost California \$6.5 billion a year in lost tax revenues. Fueling this gap are individuals and businesses who underreport their income.

Addressing the tax gap, the FTB recently hired 100 new auditors, collectors, and other staff to increase enforcement. The FTB is expanding its program to identify unscrupulous tax preparers who file fraudulent tax returns claiming fictitious credits to claim refunds.

The FTB is streamlining its receipt of informant tips regarding tax evasion by establishing a toll-free phone line, (800) 540-3453.

"Sacramento cannot consider raising taxes or cutting services until we go after the \$6.5 billion that the state is owed but isn't collecting every year," Westly said. "Through just two programs, we recently brought in \$3.5 billion in revenues without raising a nickel in taxes. Our new efforts will help raise even more funding for schools, parks, and infrastructure."

"We are committed to reducing the tax gap in 2006," said John Chiang, FTB Board Member and Chair of the State Board of Equalization. "The shortfall is blatantly unfair to those of us who pay nearly 20 percent more in state taxes per year while suffering the consequences of reduced state services."

(MORE)

Taxpayers can contribute to any of 14 charitable funds directly from the state tax return. Contributions made to these funds will reduce your refund or increase taxes owed. Taxpayers who contribute to any of these funds can take a charitable contribution deduction on next year's return if they itemize their deductions.

We have three new charitable contribution funds on the tax forms:

- The Veterans' Quality of Life Fund.
- California Sexual Violence Victim Services Fund.
- California Colorectal Cancer Prevention Fund.

Have Questions?—Where to Get Tax Help

"The FTB offers tax help over the phone, and on the Internet seven days a week, 24 hours a day," Westly said.

"California taxpayers have an wide array of tax filing services right at their fingertips," said Chiang. "Just about everything a taxpayer needs for filing their state return electronically, or getting assistance, is available anytime at www.ftb.ca.gov."

The FTB has everything you need to complete your tax return online. Besides e-filing, taxpayers can get answers to tax questions, get forms, check on your refund status, get an email reminder to file, and much more.

The FTB provides 24-hour phone service through its automated toll-free phone line at (800) 338-0505. For taxpayers who need to speak with someone, the FTB staffs its general toll-free phone line, (800) 852-5711, from 7 a.m. to 7 p.m., weekdays. During tax season, we extend hours on Saturdays from 8 a.m. to 5 p.m. starting January 28. We are also available on weekdays in the evenings until 10 p.m. starting on March 27.

The FTB has six regional field offices that provide walk-in service in Los Angeles, Oakland, Sacramento, San Diego, San Francisco, and Santa Ana.

For those who want free help completing their tax forms, the Volunteer Income Tax Assistance and Tax Counseling for the Elderly programs staff more than 1,800 centers statewide. They help low-income, senior, non-English speaking, and disabled individuals. For the nearest location, call us or visit our Website after January 15.

Taxpayers can pay their taxes through the FTB's Website. WebPay works much like a debit card transaction. Taxpayers authorize payments from their bank account on a specific date, on or before April 17 (this year's deadline) to satisfy their return balance due or extension payment. Taxpayers can also pay estimated tax or make any bill payments online.

Taxpayers can also pay their taxes with their Discover/NOVUS, MasterCard, American Express, or Visa cards. To charge it, check our Website or call (800) 272-9829. The vendor charges a convenience fee.

Can't pay your taxes? Request a payment plan online. The FTB is offering more moderate repayment plans through December 2006. If you owe less than \$25,000 and can repay it within five years, you will generally qualify.

Don't want to owe taxes? Go to the California taxes homepage at www.taxes.ca.gov and use the new DE 4 Calculator, Employee's Withholding Allowance Certificate to compute your suggested payroll withholding to closely approximate your tax liability.

Want your refund quicker: Use Direct Deposit! State Controller Westly will deposit your refund directly into your bank account. It is faster, safer, and more convenient than waiting for a paper check.

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